GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:1011
ANSWERED ON:07.12.2004
PRODUCTION COST OF CHEMICALS AND FERTILIZERS
Kalmadi Shri Suresh

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) Whether the production cost of Chemicals Fertilizers in the country is higher than that at the international level;

(b) If so, the facts and the reasons therefor;

(c) whether the Government had made effort to find out the production cost of Chemical Fertilizers in America, Canada, Australia and other countries; and

(d) if so, the extent it is higher in the country?

Answer

THE MINISTER OF CHEMICALS AND FERTILIZERS & MINISTER OF STEEL (SHRI RAM VILAS PASWAN)

(a) to (d) Production cost of fertilizes depends on the type of feedstock used and the price of feedstock. The cost of feedstock plays an important role in the production cost of urea. Natural gas is the most commonly used feedstock in the manufacture of urea worldwide, but in India, a number of urea plants use naphtha, fuel oil and low sulphur heavy stock (LSHS), which are costlier feedstocks as compared to natural gas. The price of feedstock also varies from country to country depending upon the source and destination. The cost of feedstock in India is higher than in major urea exporting countries. The delivered cost of natural gas to Indian fertilizer plants is about US $ 2.2-2.8/MMBTU against the basic price of gas in Middle East countries being normally US $ 1/MMBTU or less than US $ 1/MMBTU. The gas price in Russia is about US $ 1-1.25/MMBTU. The cost of alternative feed/fuels in India are much higher. For instance, delivered cost of naphtha is currently about US $ 11- 12/MMBTU and that of fuel oil is about US $ 8/MMBTU. The weighted average rate of concession for existing urea units is Rs. 8591/MT of urea, which is, at present, less than the price of urea in the international market.

The production cost of fertilizers in America, Canada, Australia and other countries are not available as no such data is maintained, as these data are not openly available.